

Myanmar Opens a New Chapter in Dealing with Big Neighbor China

By Khin Zaw Win

Myanmar's Shan state — the country's biggest state — has a long border with China, and is on the cusp of becoming the axis of the China-Myanmar Economic Corridor (CMEC), part of China's Belt and Road Initiative (BRI). It is home to the famed "Burma Road" which had been a lifeline for the Republic of China before and during WWII — a conduit for US war supplies to the beleaguered Chinese forces holding back a Japanese invasion. And long before it was the "Burma Road" the route had seen trade and invasion from China into Myanmar for centuries. Tea, opium, silver, and lead were among the commodities carried by mule caravans to Yunnan and beyond.

Khin Zaw Win,
Director of the
Tampadipa Institute,
explains that
"Geography and
history favor the
China-Myanmar
Economic Corridor,
but politics do not."

Geography and history favor the Corridor, but politics do not. As an economic development and infrastructure project, there are rationales and counter-rationales for CMEC (Myanmar's infrastructure rankings are among the lowest in the region). Advocates from China constantly use the term 'win-win' to describe economic cooperation, but even the most cursory observer will know which country wins more. Suddenly there are indications that a memorandum of understanding on the Corridor is to be signed in the very near future. However, no information on the possible terms of such an agreement have been made public; and to date there has been no official announcement.

The civilian minister for planning and economic development who had agreed to the deal in Beijing last February, has since resigned amidst allegations of unspecified corruption. A senior Myanmar investment official who reviewed ten points attached by China to the MoU objected to them. Ultimately, the Chinese withdrew the ten points, saying they are very keen for the project to proceed. But beyond such developments, there is hardly a murmur from the Myanmar government — civilian or military — about the specifics of an MoU on the planned Corridor. The lack of public consultations and information about such an important purported engagement with China are unfortunate and unjustified.

If the word 'distant' is used to describe quite a number of national capitals across the world, Myanmar's new capital of Naypyidaw, situated half-way between Yangon and Mandalay, is even more so. The tangible impression now is that it has become more opaque and divorced from reality than even during the administration of former general Thein Sein (2010-2015).

The current National League for Democracy (NLD) government is at the mid-point of its tenure and what had started out as a widely-welcomed revival of a democratic system is now beset by multiple crises. While acknowledging that the structural challenges of transition in Myanmar are great to begin with, the situation has been aggravated by the style of government. Besides the dual state (civil and military) that consults poorly with each other, the centralization of decision-making in one person, even though elected, hinders democracy.

Against this political background, the decision on the Myanmar-China economic Corridor also comes at a time when the government and military are facing a backlash from the West over their handling of the ongoing Rohingya crisis. It stands to reason that China is seizing the moment to press forward on the infrastructure arrangement with Naypyidaw.

Of China's four existing mega-projects in Myanmar, the Myitsone dam is stalled. China is keen to resume work but is not pushing that much. The Letapadaung copper mine is operating – under heavy security provided by both Myanmar police outside the site and Chinese security inside. The oil and gas pipeline from the Bay of Bengal coast to south-west China is also functioning. The Kyaukphyu deep sea port and adjoining SEZ are going ahead, and China's 'pricing' of the investment comes to US\$10 billion. Aung San Su Kyi's economic adviser has faulted this as being too high. Other voices warn of the debt trap, although China dismisses this. No doubt many are observing the recent experiences of Pakistan and Sri Lanka regarding debt burdens resulting from Chinese projects.

For China, there is ample reason for Myanmar (which it had called the 'land of the southern barbarians' in ancient times) to be incorporated into BRI even though the environment in the country is complicated. Under the NLD-led government, with all its deficiencies, Myanmar is now more or less a democracy again, after a long and arduous struggle. But it is poorly governed and the military still has political ambitions. Of added relevance is the country's move to the right – entrenched military, big business with tentacles everywhere, ethnic assertiveness, and the resurgence of militant religion. National peace is still elusive as evidenced by continued ethnic insurgencies, mistrust is high, and corruption is rife. Nonetheless China is prepared to take the risk and move in on a bigger scale.

China will also have to grapple with ground attitudes in Myanmar toward expanded engagement. As a recent policy brief by the International Growth Centre of China warns:

"Chinese investors should be wary of existing negative attitudes [in Myanmar] but can improve their image by carefully selecting their local partners and engaging directly and actively with the affected communities. Furthermore, this research offers a warning for the BRI and the China-Myanmar Economic Corridor about the potential local resistance they may face if their investment strategies do not consider the local context carefully."

The planned China-Myanmar Economic Corridor will have implications far beyond infrastructure and economic development. A very pertinent starting question would be: if there are to be benefits for Myanmar, how will these be shared? What will be the impact of specific contemplated projects on ending the civil war and creating the hoped-for federal system? How will it affect the regional balance of power in Southeast and South Asia? It is a matter of some doubt whether these and similar concerns are even being considered in the halls of Naypyidaw. On the CMEC as well as in other spheres, a more consultative, inclusive and participatory approach is urgently required. More than just about overcoming crises and electoral prospects at the next elections in 2020, CMEC must ultimately be directed towards building a viable, plural, and federalist democracy, and a more equitable and tolerant society.

Khin Zaw Win is Director of the Tampadipa Institute in Yangon. He can be contacted at Khin.Z.Win@gmail.com.

APB Series Founding Editor: Dr. Satu Limaye | APB Series Coordinator: Peter Valente

The views expressed in this publication are those of the author and do not necessarily reflect the policy or position of the East-West Center or any organization with which the author is affiliated.

The East-West Center promotes better relations and understanding among the people and nations of the United States, Asia, and the Pacific through cooperative study, research, and dialogue. Established by the US Congress in 1960, the Center serves as a resource for information and analysis on critical issues of common concern, bringing people together to exchange views, build expertise, and develop policy options.

"The tangible impression now is that Naypyidaw has become more opaque and divorced from reality than even during the administration of former general Thein Sein."